

Young Hedge Fund Looks To Be 'Heard' By Institutional Investors

William Heard, CEO and CIO of Heard Capital LLC, invests with two core principles at the forefront of his mind: of crisis is born opportunity and it is paramount to know what one owns and know it intimately.

These beliefs have played a key role in how he has structured his firm as well as how he generates ideas and deploys capital. His approach has paid off thus far for investors, earning them first quarter returns in the mid-teens, net of fees.

While Heard is pleased with the recent results, he is careful not to become complacent at the young firm, which he launched in July 2011 after spending his formative years at Milwaukee-based hedge fund Stark Investments.

The new venture was seeded by the Stafford Family, one of Chicago's larger trading families, with John Stafford III serving as chairman of Heard Capital and Jim Dugan, ceo of OCA Ventures serving as vice chairman.

"William's dedication to build a first class culture, predicated upon intellectual honesty, calculated risk management, and rigorous analysis led me to help launch Heard Capital LLC," Dugan said. " I have not been disappointed, and myself and the board continue to work to challenge William alongside the steady hand of John Stafford III and the sage counsel from John A. Canning, Jr." Canning, co-founder and chairman of Madison Dearborn Partners, LLC, is the firm's first investor.

Anthony Bookman, director of marketing at Heard Capital, said that Heard's emphasis on both infrastructure and building a business from day one has resonated with prospective investors that are looking to remove business risk from the table.

"This says a lot about William's maturity, level of

self-awareness and vision for Heard Capital," Bookman said. "In a short period of time, Heard has created a solid organization with depth and chosen an advisory board comprised of some of Chicago's finest business leaders, who have been there from day one and continue to lend their experience as the fund grows."

In the strategy, Heard looks for what he calls "misunderstood circumstances" and then takes a bottom-up approach to identify and exploit the bias embedded in a situation. The fund targets investments in the technology, industrials, financials, media and telecommunications sectors, which Heard describes as vital not only for developed and emerging economies, but also necessary for the world to evolve. The process places an emphasis on the structure of these markets with the belief they set the tone for the "rules of engagement" particularly in these industries, Heard said.

Today the portfolio consists of 15-30 holdings broken down into three subsets - core holdings, emerging situations and valuation opportunities. By virtue of having a concentrated portfolio, Heard believes he is able to anticipate and isolate risks while focusing on alpha and beta factors that drive securities. "It goes back to having a thesis at the beginning of the trade and an idea of how things should play out if things go wrong, but more importantly a sell discipline in place at the infancy of the trade," he said.

The firm looks to build on Heard's momentum as it aims to attract institutional investors seeking emerging and minority managers.

"Investor interest generally comes down to two factors; pedigree and performance. With the key investor base and board of directors and the initial performance of Heard Capital, we have both, 11 Bookman said.